

304.10-040 Conditions for export -- Exceptions relating to diligent effort.

- (1) Surplus Lines may be procured from a nonadmitted insurer subject to the following conditions:
 - (a) The insurance shall be procured through a licensed surplus lines broker;
 - (b) After a diligent effort, a licensed agent with property and casualty lines of authority, or with health and life lines of authority if procuring disability insurance, has been unable to procure the full amount of insurance required from an insurer that is authorized to transact, and that actually writes, that kind and class of insurance in this state. If the licensed agent is able to procure an amount of insurance less than the full amount, only the excess amount needed to procure the full amount shall be exported;
 - (c) The insurance shall not be exported for the sole purpose of securing either:
 1. A lower premium rate than would be accepted by an authorized insurer;
or
 2. More advantageous terms of the insurance contract.
- (2) The requirements of subsection (1) of this section related to a diligent effort shall not be required for coverage procured or placed for an exempt commercial purchaser if:
 - (a) The broker procuring or placing the surplus lines insurance has disclosed to the exempt commercial purchaser that insurance may or may not be available from the admitted market that may provide greater protection with more regulatory oversight; and
 - (b) The exempt commercial purchaser has subsequently requested in writing that the broker procure or place insurance from a nonadmitted insurer.

Effective: July 14, 2018

History: Amended 2018 Ky. Acts ch. 180, sec. 2, effective July 14, 2018. -- Amended 2012 Ky. Acts ch. 74, sec. 7, effective July 12, 2012. -- Created 1970 Ky. Acts ch. 301, subtit. 10, sec. 4, effective June 18, 1970.